



Rob McKenna

## ATTORNEY GENERAL OF WASHINGTON

800 Fifth Avenue #2000 • Seattle WA 98104-3188

**RE: Loan Modifications in Washington State**

Dear Sir or Madam:

This letter is being sent to you because we have received information that you may be marketing foreclosure assistance, mortgage loan modification, or other mortgage related services to financially distressed Washington homeowners.

The Washington State Attorney General's Office, Consumer Protection Division, enforces laws that prohibit unfair or deceptive acts or practices in or affecting trade or commerce. These consumer protection laws require that all sales, marketing and advertising activities, including any claims about loan modification or foreclosure assistance services, be truthful and non-deceptive, and in compliance with applicable state and federal laws designed to protect consumers.

Our staff is currently reviewing the sales, marketing and advertising practices of companies offering these types of services to Washington homeowners. The possible violations of Washington law we are focusing upon include:

- Failure to comply with the applicable provisions of these Washington laws, the Mortgage Broker Practices Act, RCW 19.146; the Debt Adjuster Statute, RCW 18.28; the Credit Services Organization Act, RCW 19.134; the Consumer Protection Act, RCW 19.86, and, in particular, failure to be licensed by the Washington Department of Financial Institutions before soliciting loan modification services;
- Taking up-front fees unless licensed as a mortgage broker or loan originator by the Washington Department of Financial Institutions;
- Taking fees in excess of the maximum amount permitted by law, including limitations set by the Debt Adjuster Statute;
- Failing to act in the borrowers best and sole interest, including failing to adequately inform a borrower of all options for curing a default, failing to keep the borrower fully informed as to actions taken on his/her behalf, and failing to provide a complete accounting of any funds taken from or paid on behalf of a borrower,
- Illegally operating as a lead generator for law firms;

July 15, 2009

Page 2

- Wrongfully advising a borrower to not pay their mortgage or not communicate with their lender/servicer.
- Guaranteeing or otherwise misrepresenting the probability of success in obtaining mortgage relief;
- Failing to make adequate disclosures regarding the services offered to borrowers and the borrower's right to cancel the transaction;
- Misrepresenting the status of a borrower's loan;
- Falsely representing an affiliation with a non-profit housing counseling agency;
- Falsely representing an affiliation with the federal government, a federal agency or participation in a federal program;
- Falsely representing an affiliation with the borrower's lender; and
- Falsely representing that one is licensed to do business in this state.

This is not an exhaustive list of possible law violations nor has any determination been made regarding your company's compliance with applicable Washington law. This letter is to alert you to some of the requirements of Washington law and to encourage you to take steps to ensure you are in compliance with those requirements prior to doing any further business in Washington. If you have questions concerning Washington law and whether your actions comply with the law, you should consult an attorney licensed to practice in this state.

Yours truly,

DAVID W. HUEY, Assistant Attorney General  
ROBERT A. LIPSON, Assistant Attorney General  
JAN SIMONDS, Investigator  
JAMES T. SUGARMAN, Assistant Attorney General  
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